

ORIGINAL  
BEFORE THE ARIZONA CORPORATION COMI



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COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
TABLE TOP TELEPHONE COMPANY, INC., A  
NEVADA CORPORATION, FOR A HEARING  
TO DETERMINE THE EARNINGS OF THE  
COMPANY, THE FAIR VALUE OF THE  
COMPANY FOR RATEMAKING PURPOSES,  
AND TO INCREASE RESIDENTIAL RATES AS  
NECESSARY TO COMPENSATE FOR THE  
RATE IMPACTS OF THE FCC'S USF/ICC  
TRANSFORMATION ORDER

DOCKET NO. T-02724A-13-0416

**NOTICE OF FILING POST-  
HEARING EXHIBITS**

Table Top Telephone Company, Inc. hereby files four post-hearing Exhibits:

1. Exhibit A-3 – pro forma results of operations with residential rates at \$14/month and a federal benchmark at \$20.46/month;
2. Exhibit A-4 – pro forma results of operations with residential rates at \$20.46/month and a federal benchmark at \$20.46/month;
3. Exhibit A-5 – typical total residential rates with base rates at \$14/month, \$19/month, and \$20.46/month; and
4. Exhibit A-6 – Total employee compensation.

Respectfully submitted on April 1, 2014.

Craig A. Marks  
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Attorney for Table Top Telephone Company, Inc.

**Original and 13 copies filed**  
on April 1, 2014, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Arizona Corporation Commission

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**Table Top Telephony Company, Inc.**

# Exhibit A-3

REGULATED 2012 RESULTS OF OPERATIONS

REFLECTS CHANGES EFFECTIVE WITH ARC AND CAF IMPLEMENTATION - YEAR 2

Rates at \$14 with \$20.46 Benchmark

	2012 TOTAL TELEPHONE OPERATIONS (a)	ADJUSTMENTS (b)	Ref (c)	ADJUSTED 2012 RESULTS (d)	INTERSTATE (e)	INTRASTATE (f)
1 Local	1,267,128	(3,131)	#6	1,263,997	-	1,263,997
2 Universal Service Fund (USF-HCL) and Safety Net Additive (SNA)	2,610,564	(30,717)	#11, 12	2,579,847	-	2,579,847
3 Access Revenues	6,254,917	(193,453)	#6, 7, 8, 9, 10	6,061,464	5,552,635	508,829
4 Billing & Collecting	8,358			8,358	1,940	6,418
5 Other Misc., Uncollectibles	29,626			29,626	-	29,626
<b>6 Total Operating Revenues</b>	<b>10,170,593</b>	<b>(227,301)</b>		<b>9,943,292</b>	<b>5,554,575</b>	<b>4,388,717</b>
7 Plant Specific Expenses	1,755,627	30,597	#1, 3	1,786,224	1,018,446	767,778
8 Plant Nonspecific Expenses	732,810	3,860	#4, 5, 6	736,670	436,958	299,712
9 Depreciation & Amortization Expenses	2,422,087			2,422,087	1,173,995	1,248,092
10 Customer Operations Expenses	400,254	5,403	#2	405,657	203,267	202,390
11 Corporate Operations Expenses	1,189,848	(5,403)	#2	1,184,445	668,252	516,193
12 Other Operating Taxes and (Income)	445,004			445,004	228,838	216,166
<b>13 Total Operating Expenses</b>	<b>6,945,630</b>	<b>34,457</b>		<b>6,980,087</b>	<b>3,729,756</b>	<b>3,250,331</b>
<b>14 OPERATING RETURN BEFORE TAXES</b>	<b>3,224,963</b>	<b>(261,758)</b>		<b>2,963,205</b>	<b>1,824,819</b>	<b>1,138,386</b>
15 State Income Taxes (SIT) (6.968%)	182,597	(11,110)	#13	171,487	110,902	60,585
16 Federal Income Taxes (FIT) (34%)	828,320	(49,864)	#13	778,456	503,432	275,024
<b>17 Total Operating Income Taxes</b>	<b>1,010,917</b>	<b>(60,974)</b>		<b>949,943</b>	<b>614,334</b>	<b>335,609</b>
<b>18 Total Expenses and Income Taxes</b>	<b>7,956,547</b>	<b>(26,517)</b>		<b>7,930,030</b>	<b>4,344,090</b>	<b>3,585,940</b>
<b>19 Net Operating Income</b>	<b>2,214,046</b>	<b>(200,784)</b>		<b>2,013,262</b>	<b>1,210,485</b>	<b>802,777</b>
<b>20 Total Year-End Rate Base</b>	<b>21,998,051</b>			<b>21,998,051</b>	<b>10,189,539</b>	<b>11,808,512</b>
<b>21 Return on Rate Base (Ln 19/Ln 20)</b>						<b>6.80%</b>
<b>22 Estimated Loss of USF Revenue from No Local Rate Increase</b>						<b>(171,621)</b>
23 State Income Taxes (SIT) (6.968%)						(11,959)
24 Federal Income Taxes (FIT) (34%)						(54,285)
<b>25 Increase in Net Operating Income</b>						<b>(105,377)</b>
<b>26 Net Operating Income After Increase (Ln 19 + Ln 25)</b>						<b>697,400</b>
<b>27 Return on Rate Base After Increase (Ln 26 / Ln20)</b>						<b>5.91%</b>

**ASSUMPTIONS**

Used 2012 Cost Study run dated 7/29/13 for Part 36 separations

Separated results based upon frozen 2000 traffic factors

Separated results based upon 2012 financials, interstate rules, adjusted for Part 64 activities

Working Capital included for all jurisdictions

# Exhibit A-4

## Table Top Telephony Company, Inc.

REGULATED 2012 RESULTS OF OPERATIONS

REFLECTS CHANGES EFFECTIVE WITH ARC AND CAF IMPLEMENTATION - YEAR 2

Rates at \$14 with \$20.46 Benchmark

	2012 TOTAL TELEPHONE OPERATIONS (a)	ADJUSTMENTS (b)	Ref (c)	ADJUSTED 2012 RESULTS (d)	INTERSTATE (e)	INTRASTATE (f)
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3 Access Revenues	6,254,917	(193,453)	#6, 7, 8, 9, 10	6,061,464	5,552,635	508,829
4 Billing & Collecting	8,358			8,358	1,940	6,418
5 Other Misc., Uncollectibles	29,626			29,626	-	29,626
6 Total Operating Revenues	10,170,593	(227,301)		9,943,292	5,554,575	4,388,717
7 Plant Specific Expenses	1,755,627	30,597	#1, 3	1,786,224	1,018,446	767,778
8 Plant Nonspecific Expenses	732,810	3,860	#4, 5, 6	736,670	436,958	299,712
9 Depreciation & Amortization Expenses	2,422,087			2,422,087	1,173,995	1,248,092
10 Customer Operations Expenses	400,254	5,403	#2	405,657	203,267	202,390
11 Corporate Operations Expenses	1,189,848	(5,403)	#2	1,184,445	668,252	516,193
12 Other Operating Taxes and (Income)	445,004			445,004	228,838	216,166
13 Total Operating Expenses	6,945,630	34,457		6,980,087	3,729,756	3,250,331
14 OPERATING RETURN BEFORE TAXES	3,224,963	(261,758)		2,963,205	1,824,819	1,138,386
15 State Income Taxes (SIT) (6.968%)	182,597	(11,110)	#13	171,487	110,902	60,585
16 Federal Income Taxes (FIT) (34%)	828,320	(49,864)	#13	778,456	503,432	275,024
17 Total Operating Income Taxes	1,010,917	(60,974)		949,943	614,334	335,609
18 Total Expenses and Income Taxes	7,956,547	(26,517)		7,930,030	4,344,090	3,585,940
19 Net Operating Income	2,214,046	(200,784)		2,013,262	1,210,485	802,777
20 Total Year-End Rate Base	21,998,051			21,998,051	10,189,539	11,808,512
21 Return on Rate Base (Ln 19/Ln 20)						6.80%
22 Estimated Revenue from Local Rate Increase						171,621
23 State Income Taxes (SIT) (6.968%)						11,959
24 Federal Income Taxes (FIT) (34%)						54,285
25 Increase in Net Operating Income						105,377
26 Net Operating Income After Increase (Ln 19 + Ln 25)						908,154
27 Return on Rate Base After Increase (Ln 26 / Ln20)						7.69%

### ASSUMPTIONS

Used 2012 Cost Study run dated 7/29/13 for Part 36 separations

Separated results based upon frozen 2000 traffic factors

Separated results based upon 2012 financials, interstate rules, adjusted for Part 64 activities

Working Capital included for all jurisdictions

**Table Top Telephone Company**  
**Typical Charges for Subscribers to Basic Residential Service**

Residential Telephone Service	14.00	19.00	20.46
Subscriber Line Charge	6.50	6.50	6.50
Access Recovery Charge	1.00	1.00	1.00
AZ 911 Excise Tax	0.20	0.20	0.20
AZ Universal Service Fund	0.01	0.01	0.01
Federal Excise Tax	0.65	0.80	0.84
Federal Universal Service Fund	1.23	1.23	1.23
State Sales Tax	0.78	1.06	1.15
ACC Tax	0.03	0.04	0.04
AZ Telephonic Device Fee	0.15	0.21	0.23
Total Basic Residential Service Bill	24.55	30.05	31.65

Note: Subscribers also pay the following additional taxes and fees related to local laws

- A. Subscribers pay various County taxes ranging from 0.50% to 1.125%
  1. At \$14.00, the tax amounts range from 7¢ to 16¢
  2. At \$19.00, the tax amounts range from 10¢ to 21¢
  3. At \$20.46, the tax amounts range from 10¢ to 23¢
- B. Subscribers located within the Navajo Nation in the Sanders exchange also pay an additional 5.0% to their respective Chapter House
  1. At \$14.00, the tax amount is 70¢
  2. At \$19.00, the tax amount is 95¢
  3. At \$20.46, the tax amount is \$1.02

# Exhibit A-6

Table Top Telephone Company, Inc.  
Docket No. T-02724A-13-0416

## Regulated Payroll for Year 2012:

1) Expensed Amounts	\$1,999,336
2) Capitalized Amounts	<u>\$ 224,978</u>
Total Regulated Payroll	<u><u>\$2,224,314</u></u>